

Placing of Orders with Heavy Engineering Corporation

1598. SHRI PARMESHWAR KUMAR AGARWALLA: Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether it is a fact that he has requested all Government departments to place orders with Heavy Engineering Corporation to revive the loss making company; and

(b) what are the comments of other departments?

THE MINISTER OF STATE IN THE MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (DR. VALLABHBHAI KATHIRIA): (a) Minister (Heavy Industries and Public Enterprises) had taken a meeting on 21.6.2000 with the Secretaries of the user Departments/Ministries for procurement of orders of HEC.

(b) Departments have agreed to help HEC in due measure.

Package for HMT

1599. SHRI PARMESHWAR KUMAR AGARWALIA: Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether it is a fact that Government have offered Rs. 300 crores as recast package to HMT;

(b) whether it is also a fact that Government have decided to close down some of the unviable units of HMT;

(c) what are the details of the restructuring plan; and

(d) how much is proposed to be spent on voluntary retirement scheme?

THE MINISTER OF STATE IN THE MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (DR. VALLABHBHAI KATHIRIA): (a) and (c) Salient features of the turnaround plan approved by the Government are as under:

(i) Loan of Rs. 39.70 crore that has been advanced to the Company will be converted into equity. Interest accrued thereon of Rs. 12.74 crore will be written off.

(ii) Fresh equity of Rs. 250 crore (Rs. two hundred and fifty crore) will be infused by GOI to make the net worth positive as on 31.03.2000.

- (iii) Government will guarantee issue of bonds by HMT to raise Rs. 469 crores for funding VRS for retiring 6493 employees within 2 years, that is, by 31.03.2002. Interest subsidy of 50% will be provided on the aforesaid amount and guarantee fee waived.
- (iv) The Machine Tool and Watch Group would be converted into subsidiaries by 31.12.2000. These subsidiaries would be disinvested in upto 74%. Subsidiarisation of and disinvestment in the Tractor Division would also be undertaken on a time-bound basis.
- (v) Watch Factory, Srinagar would be constituted as a subsidiary be provided , for a period of three years, annual budgetary support as grant-in-aid to meet actual wages and salary outgo as per audited accounts in respect of employees posted at Srinagar. The total salary and wage bill for the year 2000-01 has been estimated as Rs. 9.85 crores.
- (vi) Government will extend guarantee for a period of two years to the Company to avail of working capital loan for the Watch subsidiary from banks.
- (vii) Rs. 15.10 crore will be given towards equity for incurring capital expenditure during 2000-01.

(b) Yes, Sir. Five loss making units, which are to be closed down are, Central Metal Forming Institute, Watch Case Unit, Lamp Factory, Food Processing Machinery Plant and Miniature Battery Unit.

(c) Rs. 469 crores are proposed to be spent on the voluntary retirement scheme.

PSUs under the Department of Heavy Industries

1600. SHRI RAJNATH SINGH 'SURYA': Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) how many PSUs are under the Department of Heavy Industries;